UNDP

UNITED NATIONS DEVELOPMENT PROGRAMME

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ENGLISH

APPROVAL OF UNDP ASSISTANCE TO A PROJECT
OF SENEGAL

IPF:(1992-96) $31 381 000

(SEN/92/015)- Strengthening the National Capacities for Planning and Managing the Economy

Date of approval by the AC:[1]	5 May 1993
Expected duration:	One Year
Proposed executing agency:	Government
Government implementing agency:	Ministry of Economy, Finances and Planning
Proposed UNDP contribution:	$ 971 000 Source of funds: IPF
Third-party cost sharing:	$ 614 000
Total UNDP budget:	$1 585 000

Project background

For the last ten years, Senegal has followed Structural Adjustment Programmes (SAP) with World Bank assistance; and is now in the midst of its fourth adjustment credit (SAC). Senegal is considered to have 'graduated' from such programmes; and this is expected to be the last SAC. Although considerable progress has been made in re-establishing macroeconomic equilibria and in liberalizing the economy, the social and economic situation remains difficult. During 1992, slippages in expenditures and revenues have increased the budget deficit and the Government has been unable to pass a new, more liberal, labour legislation. Fear of social unrest in a pre-electoral year has paralyzed the reform movement. As a result, the programmes with the World Bank and IMF are currently suspended. The election process is nearly over, (the elections have confirmed the incumbent and next month, the election for the parliament will take place).

Entering the 'post adjustment' phase, the Government is now developing an economic stimulation programme based on a free market economy. This programme will be submitted to donors for support. In this phase, Senegal will need to enhance its own capacity in macroeconomic management. This means further 'internalizing' the policy reform process and improving decision making process on key macroeconomic issues through more systematic analysis of policy options needed to establish a stable enconomic climate and incentives for the private sector.

UNDP has provided assistance through several projects to Senegal in the broad area of economic management focussing particularly on planning, regional planning, monitoring of the Structural Adjustment Programme, and aid coordination. These projects have substantially met their objectives and UNDP assistance is being phased out. While some follow-up activities which exploit the results of these previous projects are included , the new programme will focus on new priorities emerging from the evolving context of the economy, and on promoting a broader application and generalized use of the instruments which have been developed. The new programme is also a major departure from the past in being more specifically targeted at strengthening national capacities and use of national human resources, and in providing a broader programmatic framework.

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[1] This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.

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Description of project

The long-term objective of the project is to strengthen the overall economic management capacities in the country.

The UNDP support programme will focus on the following three areas: (i) economic management and policy formulation - including: (a) creating a Policy Unit devoted to the analysis of key macroeconomic policy options within the Ministry of Economy, Finances and Planning; (b) diffusion of key tools for policy analysis developed under previous UNDP assisted projects and establishing conditions for their effective and generalized application through making these publicly available and providing training; (c) improving existing instruments for better programming public investment and technical cooperation resources; (ii) regional planning - including: (a) preparation of physical development plans for the country as a whole and for each of the ten administrative regions; (b) creation of a physical development Atlas; and (iii) training - including development of a focussed skills specific training programme and an institutionalized system for personnel training in the broad area of economic management such as budgeting, macroeconomic simulations and projections, debt management, project selectionand programming, negotiations, etc..

The project activities will include: (a) establishment of the Policy Unit which will fill a major gap in the Government machinery as a focal point for preparing policy positions and strategies and training on the use of policy analysis instruments; (b) preparation of the Atlas and regional plans; and (c) preparation of a training plan.

A preparatory assistance, rather than the full programme, is being presented for approval because some of the aspects of this 'programme-cadre' are insufficiently defined at present, although other components are clear. The areas requiring further elaboration are: (i) the training programme; (ii) assessment of the full scope of requirements for capacity building in the economic management area; and (iii) methods and approaches for capacity building such as the role of long-term international experts.

Inputs

UNDP will provide 55 man/months and 218 man/months of international and national expertise respectively (experts and short-term consultants); administrative support personnel (secretaries and drivers); mission costs; a subcontract with a specialized institution to assess the training requirements and formulate the relevant programme; equipment (two vehicles, computers); and miscellaneous costs.

Financial data

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Personnel	1 335 000
Subcontract	90 000
Equipment	100 000
Miscellaneous	60 000
Total	1 585 000